

January 12, 2023

Namra Finance Limited: Ratings withdrawn for PTCs backed by microfinance loan receivables securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Amount O/s after Last Surveillance (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Northern Arc 2021 MFI Zelaya	PTC Series A1	14.99	7.16	0.00	[ICRA]AA-(SO); Withdrawn
	PTC Series A2	0.34	0.34	0.00	[ICRA]A+(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) issued under microfinance loan receivables securitisation transaction originated by Namra Finance Limited (NFL). All the payouts to the investors in the above-mentioned instruments have been made and no further payments are due to the investors.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn. The previous detailed rating rationale of previous rating exercise is available at the following link:

[Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal of Credit Rating
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

Namra Finance Limited is a wholly-owned subsidiary of Arman Financial Services Limited. Microfinance is regulated by the Reserve Bank of India (RBI), which only allows non-banking financial company-microfinance institutions (NBFC-MFIs) to conduct microfinance operations. Hence, a wholly-owned structure was set up at NFL.

NFL's operations are spread across central and western India in Gujarat, Madhya Pradesh, Uttar Pradesh, Uttarakhand, Maharashtra, Rajasthan and Haryana. Lending is done with a ticket size of Rs. 45,000 through cashless transfers to the borrower's bank account. NFL mainly lends to women borrowers through joint liability groups (JLGs). As of September 30, 2022, the Group's microfinance operations had 246 branches spread over 109 districts in eight states. The company had 4.7 lakh+ active customers.

Key financial indicators

NFL	FY2020 (Audited)	FY2021 (Audited)	FY2022 (Audited)	H1FY2023 (Provisional)
Total income	148.4	134.0	173.0	128.9
Profit after tax	25.2	4.9	18.5	22.2
Assets under management	621.1	642.4	1,022.0	1,190.0
Gross NPA	0.93%	4.63%	3.7%	3.2%
Net NPA	0.01%	2.98%	0.6%	0.1%

Amount in Rs. crore

Source: Company, ICRA Research; All ratios as per ICRA's calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. No.	Trust Name	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2023)						Chronology of Rating History for the past 3 years			
					Date & Rating		Date & Rating in FY2022		Date & Rating in FY2021		Date & Rating in FY2020		Date & Rating in FY2021	Date & Rating in FY2020
					Jan 12, 2023	May 19, 2022	Oct 28, 2021	Aug 11, 2021						
1	Northern Arc 2021 MFI Zelaya	PTC Series A1	14.99	0.00	[ICRA]AA-(SO); Withdrawn	[ICRA]AA-(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	--	--	--	--	--	--
		PTC Series A2	0.34	0.00	[ICRA]A+(SO); Withdrawn	[ICRA]A+(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	--	--	--	--	--	--

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Northern Arc 2021 MFI Zelaya	PTC Series A1	Moderately Complex
	PTC Series A2	Moderately Complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website [Click here](#)

Annexure I: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating
Northern Arc 2021 MFI Zelaya	PTC Series A1	August 2021	9.60%	April 2023	0.00	[ICRA]AA-(SO); Withdrawn
	PTC Series A2	August 2021	15.00%	April 2023	0.00	[ICRA]A+(SO); Withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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Branches



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